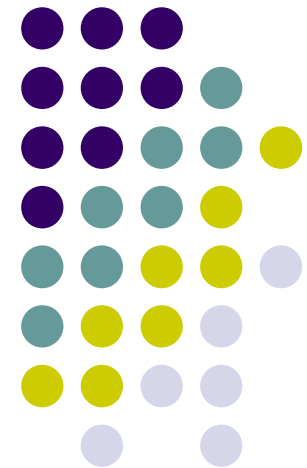
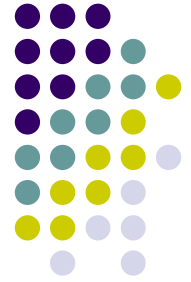


PCP Reimbursement Maryland Medicaid

September 19, 2011

Susan Tucker, Executive Director
Office of Health Services
Maryland Medicaid





Role of the Office of Health Services

- Writes and maintains State regulations, State Plan which must be approved by the federal government and governs administration of Maryland Medicaid, and waiver applications. This includes determining:
 - Services to cover
 - Provider qualifications
 - Payment rates or reimbursement methodologies
 - Medical necessity criteria

Ten Year History of Physician Fee Increases (2001 – 2002)



- In 2001, the Department wrote a report which showed that Medicaid reimbursement rates for physicians were, on average, about 36% of Medicare rates.
- Based on this report, the Governor and the Legislature appropriated \$50 M additional total funds for increasing fees beginning July 2002. This money was targeted to evaluation and management (E&M) procedure codes.

Ten Year History of Physician Fee Increases (2005)



- 2005 General Assembly created the “Maryland Health Care Provider Rate Stabilization Fund: (SB 836) to subsidize physicians for the cost of obtaining malpractice insurance and to increase fee-for-service physician fees and capitation payments to MCOs so that MCOs could also raise their physician fees.
- SB 836 established a formula for future rate increases and stated that physician fee increases will be determined by the Secretary in consultation with stakeholders.

Ten Year History of Physician Fee Increases (FY 2006)



- This fund allowed Medicaid to increase fees to almost 100% of Medicare for the 1600 procedure codes most commonly used by OB/GYNs, neurosurgeons, orthopedic surgeons and emergency medicine physicians. After this increase, Maryland Medicaid's overall physician rates were on average about 68% of Medicare rates.

Ten Year History of Physician Fee Increases (FY 2007)



- The Department increased fees for specialty procedures that are mainly used for general surgery, digestive surgery, ENT, allergy/immunology, dermatology, and radiation oncology.
- Also E&M procedures were increased to a minimum of 78% of Medicare.
- This brought physician fees to about 73% of Medicare.

Ten Year History of Physician Fee Increases (FY 2008)

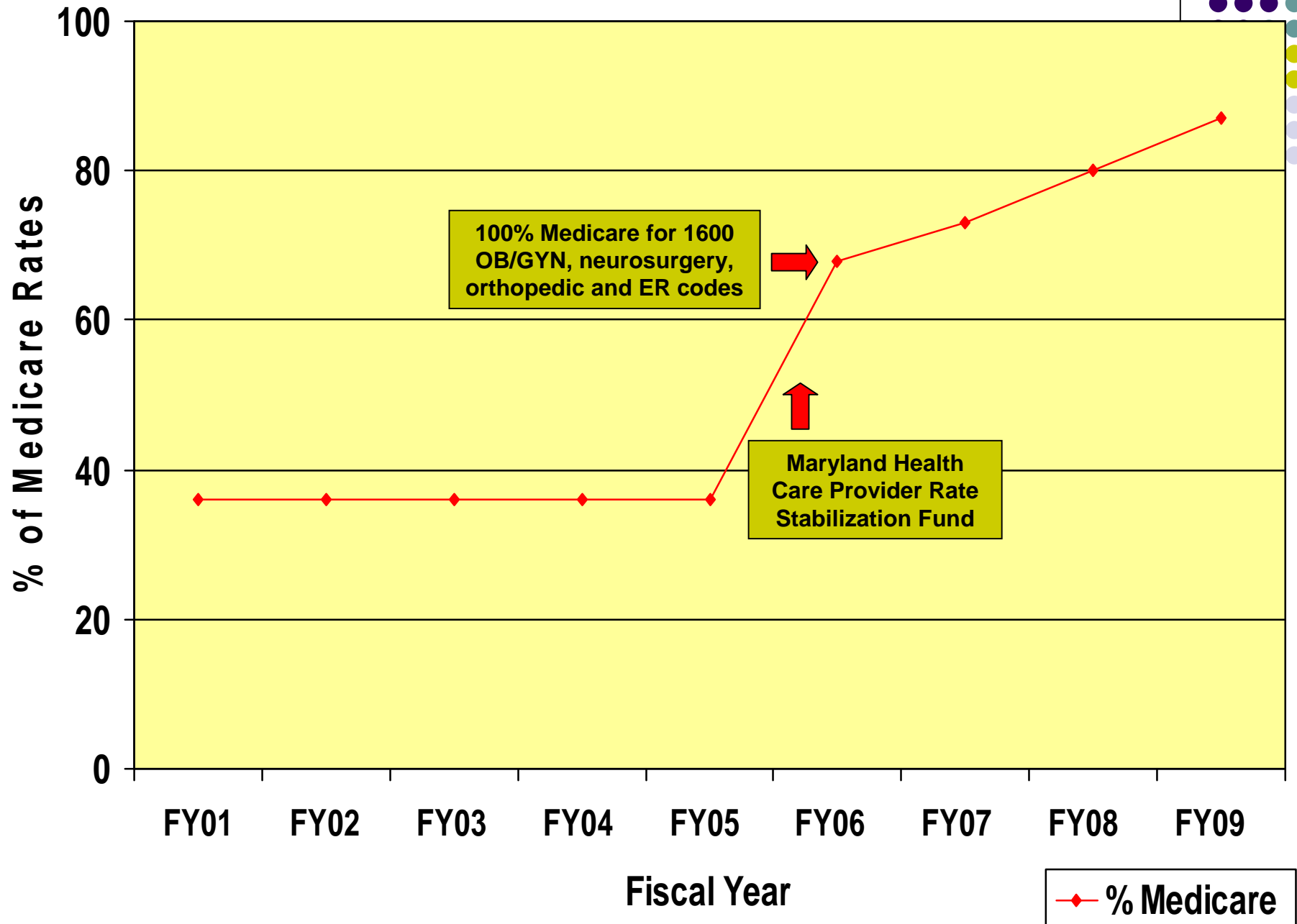


- E&M rates were brought to 80% of Medicare.
- E&M procedures in hospital OPDs were raised to 50% of Medicare.
- Fees for certain specialty procedures related to neonatology and vaccine administration were targeted for special increases.
- All other fees were increased to 50% of Medicare.
- Taken as a whole, Maryland Medicaid fees were raised to an average of 80%.

Ten Year History of Physician Fee Increases (FY 2009)



- Fees that were higher than Medicare fees were reduced to their corresponding Medicare fee levels by site of service and funds were re-distributed to increase the lowest fees.
- Fees that were lower than 78.6 percent of Medicare fees were raised to 78.6 percent of their corresponding Medicare fees by site of service.
- Fees that were lower than the corresponding Medicare fee but higher than the 78.6 percent of Medicare fee were left unchanged.
- All fees were on average 87% of Medicare fees.



Bad News - FY 2010 - FY 2102



- The national economic recession reduced state revenues in FY 2010 – 2012.
- The Department was forced to implement physician fee cuts (along with cuts to all other providers).
- Although the cuts over the three year period weren't large, Medicare rates continued to rise during this period.
- By FY 2012, physician fees were at 74 percent of Medicare fees (76% for E&M).



ACA Provision

- The Affordable Care Act provides funding for States to raise E&M codes to 100% of Medicare fees for E&M visits provided by a physician with a primary specialty designation of family medicine, general internal medicine or pediatric medicine. The enhanced federal funding for this initiative will be available in CYs 13 and 14. The intent of the provision is to improve primary care networks in Medicaid prior to the implementation of Health Care Reform.

Challenges for States Related to ACA Provision

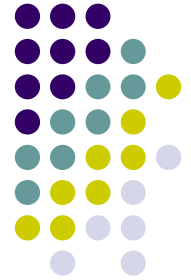


- The additional funding only lasts two years. In order to maintain the higher rates, Maryland Medicaid will have to put up 50% of the cost for any future years.
- Currently all doctors are paid the same amount for each procedure code and it will be difficult to program computer systems to pay differently by provider specialty designation.
- There are as many problems with provider network capacity for specialists as PCPs and paying differentially by code will be negatively perceived by specialists.

Challenges for States Related to ACA Provision



- Maryland will have to decide if it can afford to raise the E&M rates for all doctors.
- The Hilltop Institute has estimated that it will cost an additional \$15 million in FY 2013 and \$32 million in FY 2014 to increase rates for all doctors.
- In addition, the State will be responsible for bringing E&M rates up to the level they were at on July 1, 2009. That is 87% on that date versus 76% now.



Conclusions

- Physician reimbursement rates are a top priority for Maryland Medicaid.
- ACA provides the funding to improve reimbursement for PCPs.
- This funding should help shore up ailing primary care networks.
- The State has the option to improve payment for specialists as well. During the next year, the budget will need to be analyzed to see if we can take advantage of that option.